



**Management Association of Pakistan**  
To Lead the Change Process towards Best Management Practices  
(A company set up under section 42 of the Companies Ordinance)

## **Press Release**

# **Management Association of Pakistan [MAP] proposes phased super tax cuts and tax relief for salaried class for Budget 2026 - 27**

## **Direct Taxes**

Considering the fragile economic condition in recent years, coupled with the conflict between US and Iran, and continued dependence on the International Monetary Fund support program, the Management Association of Pakistan [MAP] understands that there is an increasing need for structural tax reforms aimed at broadening the tax base, encouraging investment, and reducing the burden on documented sectors of the economy which are already overburdened with taxes.

In these circumstances, a stable, transparent, and investment-friendly fiscal regime has become essential for sustaining economic growth and restoring investor confidence.

In view of the above, the MAP has proposed a set of tax reforms for the Federal Budget 2026–27,

Corporate sector is currently facing a significant and increasing tax burden due to high corporate tax rates including levy of super tax, WWF and WPPF. Over the years, the cumulative impact of these taxes has substantially increased the cost of doing business. The MAP has proposed that rate of super tax should be gradually reduced under a phased-out plan to be completed by next couple of years.

The salaried sector remains one of the most documented and compliant sector of the economy and continues to contribute a significant share towards direct tax collection in Pakistan. Taxes from salaried individuals are subject to deduction at source by employers, resulting in minimal leakage as compared to other sectors. Over the past few years, the tax burden on salaried class has increased substantially. The MAP recommends to enhance the taxable income threshold for salaried individuals up to Rs. 1.2 million, along with an overall reduction in tax rates under each slab applicable to salaried individuals and the restoration of tax credits relating to investments and insurance premiums.

The Association also emphasize the restoration or extension of investment-linked tax credits, considering their significant role in promoting industrialization and generating long-term economic benefits.



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The Association further propose the rationalization of withholding taxes, including a review of minimum tax provisions and a reduction in the excessive withholding tax rates applicable to services.

Further, the Association stressed the need to broaden the tax base by bringing sectors such as agriculture, retail, real estate, and certain undocumented sectors into the tax net, instead of increasing the burden on existing taxpayers.

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## **MAP's Statement on Sales Tax**

### **Indirect Taxes**

Pakistan's documented corporate sector is carrying a heavy fiscal burden that is actively choking business expansion, freezing operational liquidity, and penalizing compliance. The Management Association of Pakistan sees an urgent, undeniable need for a fair, predictable, and market-friendly tax regime in the Federal Budget 2026–27. Forcing legitimate businesses to repeatedly bridge the revenue gap while the massive informal economy escapes the net is a recipe for economic stagnation. True stability will only come from broadening the tax base using existing data, not from continuously squeezing the few who already pay their fair share.

The current restrictions are frankly counterproductive and need a direct correction. We are calling for a gradual reduction of the General Sales Tax from 18% to 15% to give consumers some breathing room against inflation and to lower operational costs for businesses. At the same time, arbitrary tax burdens pushed through utility bills on non-Tier-1 retailers have to stop, and the restrictive 90% input tax adjustment cap under Section 8B must be repealed.

Businesses simply cannot thrive when their working capital is constantly choked by compliance hurdles. The FBR needs to simplify complex return processes, phase in digital invoicing realistically based on actual revenue thresholds, and allow unutilized input tax to transfer smoothly during corporate mergers.

We are not asking for special privileges, these are necessary structural corrections. Broadening the tax net, rather than deepening the pain on compliant taxpayers, is the only real way to sustainably grow national revenues.

When fiscal policies freeze capital, industrial growth suffocates and investment completely dries up. The math is straightforward; to generate sustainable revenue, the state must first let businesses breathe and grow.



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### **About Management Association of Pakistan:**

The Management Association of Pakistan (MAP) is a leading professional, not-for-profit, and non-political management body established in 1964. Governed by an elected Executive Committee comprising prominent corporate leaders from Pakistan's leading organizations, MAP is dedicated to promoting excellence in management, leadership, and corporate governance. Over the years, MAP has organized numerous seminars, conferences, conventions, and training programs aimed at strengthening professional and managerial capabilities across Pakistan. Through flagship initiatives such as the Corporate Excellence Awards, Annual Management Convention, MAP Talk, and Young Managers Program, MAP continues to serve as a premier platform for knowledge-sharing, capacity building, and best management practices.

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